

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-11 STR-08 CIAE-00 INR-10

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC PRIORITY 5279

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EO 11652: GDS

TAGS: MASS

SUBJECT: MAJOR PROJECT -- PATROL BOATS FOR GOL

REF: STATE 226811

1. WE UNDERSTAND FROM MINISTER OF DEFENSE THAT DECISION HAS BEEN MADE TO GIVE AWARD TO GERMAN FIRM. HISTORY OF NEGOTIATIONS AS FOLLOWS:

BIDDING PATROL BOATS BEGAN APPROXIMATELY THREE MONTHS AGO. BOTH FIREBOAT INTERNATIONAL AND SWIFT SHIPS SUBMITTED BIDS. EMBASSY DEFENSE ATTACHE OFFICE GAVE WHAT ASSISTANCE IT COULD TO BOTH AMERICAN COMPANIES. AS A RESULT INITIAL NUMBER COMPETING FIRMS REDUCED TO HAMELIN, FIREBOAT AND SWIFT SHIPS. GOL OFFERED REMAINING FIRMS CHOICE OF SUBMITTING ONE OR TWO MORE BIDS. ACCORDING TO LEBANESE ARMY, GERMAN FIRM WAS WILLING TO HAVE TWO MORE ROUNDS BUT AMERICAN FIRMS CHOSE RWST ONE MORE. BIDS WERE RESUBMITTED NOVEMBER 12 AND THE RESULTS WERE AS FOLLOWS:

HAMELIN - 8,604,492 LEBANESE POUNDS

SWIFT SHIPS - 9,476,044 LEBANESE POUNDS

FIREBOAT INT'L. - 11,015,235 LEBANESE POUNDS

ALL FIRMS, ACCORDING TO LEBANESE ARMY, MET FULLY REQUIRED
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SPECIFICATIONS.

2. SWIFT SHIPS REPRESENTATIVE, CAPT. BUCKLEW, U.S. NAVY, RETIRED, CAME TO BEIRUT FOR THE BIDDING. SWIFT LOCAL REPRESENTATIVE, SOUREN KHANAMIRIAN, ENDEAVORED TO PERSUADE CAPT. BUCKLEW TO REMAIN UNTIL THE CONTRACT WAS AWARDED BUT ACCORDINGLY KHANAMIRIAN THE CAPT. REFUSED EXPLAINING THE COMPANY COULD NOT REDUCE ITS BID AND THAT HE COULD BE OF MORE VALUE IN WASHINGTON. TO REDUCE THE SWIFT BID, KHANAMIRIAN, IN A LETTER TO THE COMMANDER OF THE LEBANESE ARMY, GENERAL GHANUM OFFERED 500,000 LEBANESE POUNDS REDUCTION (HIS COMMISSION). HOWEVER, THIS STILL LEFT A GAP BETWEEN THE GERMAN AND SWIFT BID OF SOME 371,000 POUNDS. ACCORDING TO KHANAMIRIAN, THE LEBANESE WOULD NOT ACCEPT EVEN LOWER FIGURE (PRESUMABLY BECAUSE IT WAS STILL HIGHER THAN GERMAN BID AND THIS WOULD PUT GOL IN INDEFENSIBLE POSITION WITH PARLIAMENT PARTICULARLY AS BOTH BIDDERS MET SPECIFICATIONS). CONSEQUENTLY, AS GOL INDICATED TO KHANAMIRIAN (ACCORDING TO HIM) IT WOULD STILL ACCEPT AMERICAN OFFER LOWER THAN THAT OF GERMANS, KHANAMIRIAN ENDEAVORED PERSUADE SWIFT SHIPS MAKE UP THE DIFFERENCE. COMPANY REFUSED AS IT WAS ONLY OPERATING ON 5 1/2 PER CENT PROFIT MARGIN.

3. DCM CALLED MINDEF NOVEMBER 20 TO DETERMINE IF STILL OPPURTUNITY FOR SWIFT WIN AWARD IF IT REDUCED BID. MINDEF REGRETTED THAT AS BOTH FIRMS HAD HAD TIME TO SUBMIT LOWEST OFFERS, GOL DECISION TO AWARD CONTRACT TO HEMELIN WAS FINAL.

4. GIVEN FACT GERMAN BID LOWEST AND MEETS SPECIFICATIONS, DIFFICULT TO SEE WHAT EMBASSY CAN DO REVERSE GOL DECISION.
BUFFUM

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